

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/05)**  
**BUTTER:** Grade AA closed at \$1.7300. The weekly average for Grade AA is \$1.6508 (+.0500).

**CHEESE:** Barrels closed at \$1.3800 and blocks at \$1.4025. The weekly average for barrels is \$1.3480 (-.0800) and blocks, \$1.3755 (-.0745).

**BUTTER:** Butter markets are firm as cream supplies tighten. Milk production across the country is declining as high temperatures and humidity take their toll on the milking herd. Milk producers and handlers state that butterfat levels are much lower than they have seen in many years for this time of the season. Churning activity has been impacted by the lack of cream volumes. In many instances, butter producers are running their operations below capacity levels and are at the lowest levels of the current production season. Butter stocks are available for current shipment, but fresh butter volumes are often short of full needs. Demand for butter is fair. Retail orders are seasonally steady, stimulated by an occasional feature. Food service orders are also steady.

**CHEESE:** The cheese market is unsettled, though firming. After price declines early in the week, the cash block price at the Chicago Mercantile Exchange started to rebound on August 4. Current movement was spotty, often slower, while customers waited for average prices to catch up with the declines. Plant milk intakes and operating schedules have declined. Cheese yields are also at very low summer levels, so less cheese is being produced. A few plant operators have started to reduce commitments due to supply concerns. With the reopening of schools and milk shipments resumed into the Southeast, cheese output should decline further. Cumulative first 6 month 2005 U.S. cheddar cheese output totals 1.554 billion pounds, up 11.2 million pounds (0.7%) from the same (unadjusted) period in 2004. Total cheese output during the first half of 2005 totals 4.565 billion pounds, up 107.3 million pounds (2.4%) from the same period last year.

**FLUID MILK:** Summer heat and/or humidity are the big factors in current milk receipts with milk volumes lower in the Southeast, Central, Pacific Northwest, Utah, and Idaho. The heat stress has eased in California, so a partial rebound in intakes has occurred. Along with lower volumes in these areas, milk component levels are at low summer levels, generating reduced manufactured product yields. Schools have begun to reopen in the Southeast, starting the seasonal pattern of supplemental milk shipments into the region. The fluid volumes needed by bottlers will increase as additional school systems start over the next month or so. The weather has also stimulated ice cream demand causing cream volumes to tighten and price multiples to increase.

**DRY PRODUCTS:** The NDM market and prices are steady to firm. Demand is mixed with supplies balanced to available. Drying schedules have declined, leaving some operations time to produce medium and high heat NDM. Cheese demand is mixed, with operations using more or less powder, depending on schedules. Buttermilk prices range from lower to higher.

Offerings have declined, reflecting lower overall butter production and generally lower fat tests in incoming milk supplies. Strong cream and buttermilk demand from ice cream accounts has some producers even reconstituting powdered buttermilk for condensed buttermilk customers. The whey market is steady to firm. Prices are higher in the Central region with supplies very tight and some firms sold out and other orders delayed. Reduced production across the nation is tightening whey supplies. Prices for WPC are lower. Supplies are becoming more readily available than they have been thus far. Export interest is good to Central and South America. Grade A WPC stocks are short of needs. The lactose market is steady to firm. Feed interest, both export and domestic is best. Spot interest from blending and confectionary accounts for the upcoming holiday season is picking up.

**CCC:** During the week of August 1 - 5, there was no price support activity.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):**

The following are the July 2005 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$13.79 (+\$0.73), Class III \$14.35 (+\$0.43), and Class IV \$13.17 (+\$0.84). Product price averages used in computing Class prices are: butter \$1.6156, NDM \$0.9389, cheese \$1.5156, and dry whey \$0.2794. The Class II butterfat price is \$1.8077 and the Class III/IV butterfat price is \$1.8007. Further information may be found at

[www.ams.usda.gov/dyfmom/mib/classprcacnmt.pdf](http://www.ams.usda.gov/dyfmom/mib/classprcacnmt.pdf)

**JULY AGRICULTURAL PRICES HIGHLIGHTS (NASS):**

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2005 was unchanged at 140. Compared with July 2004, the index was up 5 points (3.7%). The index of prices received by farmers for dairy products advanced 2 points during the month of July 2005 to 113. Compared with July 2004, the index was down 10 points (8.1%). Prices received by farmers in July with changes from June were: for All Milk, \$14.80, down \$.30; for Fluid Grade Milk, \$14.80, down \$.30; and for Manufacturing Grade Milk, \$14.10, down \$.30.

**JUNE 2005 DAIRY PRODUCTS HIGHLIGHTS (NASS):**

Butter production was 104.3 million pounds in June, 5.2% above June 2004 but 12.8% below May 2005. American type cheese production totaled 321.0 million pounds, 4.1% above June 2004 but 3.5% below May 2005. Total cheese output (excluding cottage cheese) was 761.0 million pounds, 6.4% above June 2004 but 3.1% below May 2005. Nonfat dry milk production, for human food, totaled 125.2 million pounds, 13.1% below June 2004 but 0.9% above May 2005. Dry whey production, for human food, was 81.6 million pounds, 3.1% above June 2004 but 4.8% below May 2005. Ice cream (hard) production totaled 90.3 million gallons, 6.0% above June 2004 and 13.6% above May 2005.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

PRODUCT	MONDAY AUGUST 1	TUESDAY AUGUST 2	WEDNESDAY AUGUST 3	THURSDAY AUGUST 4	FRIDAY AUGUST 5	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.3400 (-.0250)	\$1.3400 (N.C.)	\$1.3400 (N.C.)	\$1.3400 (N.C.)	\$1.3800 (+.0400)	(+.0150)	\$1.3480 (-.0800)
40# BLOCKS	\$1.3600 (-.0300)	\$1.3575 (-.0025)	\$1.3575 (N.C.)	\$1.4000 (+.0425)	\$1.4025 (+.0025)	(+.0125)	\$1.3755 (-.0745)
BUTTER							
GRADE AA	\$1.5900 (N.C.)	-----	\$1.6325 (+.0425)	-----	\$1.7300 (+.0975)	(+.1400)	\$1.6508 (+.0500)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM) NOTE: CME NDM on Page 2.

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, AUGUST 1, 2005

CHEESE -- SALES: 5 CARS 40# BLOCKS: 1 @ \$1.3900, 1 @ \$1.3750, 1 @ \$1.3700, 1 @ \$1.3650, 1 @ \$1.3600; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.3500; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3400; 1 CAR 40# BLOCKS @ \$1.3875  
 BUTTER -- SALES: 5 CARS GRADE AA @ \$1.5900; BIDS UNFILLED: 3 CARS GRADE AA @ \$1.5900; OFFERS UNCOVERED: NONE

TUESDAY, AUGUST 2, 2005

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.3600, 1 @ \$1.3575; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.3300; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 3, 2005

CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.3575; BIDS UNFILLED: 1 CAR BARRELS @ \$1.3200; 2 CARS 40# BLOCKS @ \$1.3300; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 9 CARS GRADE AA: 1 @ \$1.6200, 1 @ \$1.6100, 2 @ \$1.6200, 2 @ \$1.6225, 1 @ \$1.6250, 2 @ \$1.6300; BIDS UNFILLED: 15 CARS GRADE AA: 1 @ \$1.6325, 2 @ \$1.6275, 1 @ \$1.6250, 3 @ \$1.6100, 2 @ \$1.5950, 2 @ \$1.5925, 2 @ \$1.5900, 2 @ \$1.5750; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.6400

THURSDAY, AUGUST 4, 2005

CHEESE -- SALES: 8 CARS 40# BLOCKS: 4 @ \$1.3600, 2 @ \$1.3900, 2 @ \$1.4000; BIDS UNFILLED: 7 CARS 40# BLOCKS: 2 @ \$1.3950, 2 @ \$1.3825, 1 @ \$1.3600, 2 @ \$1.3575; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 5, 2005

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.3800, 1 @ \$1.3400; 2 CARS 40# BLOCKS @ \$1.4025; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 17 CARS GRADE AA: 1 @ \$1.6800, 1 @ \$1.6900, 3 @ \$1.7000, 1 @ \$1.7100, 2 @ \$1.7200, 1 @ \$1.7250, 3 @ \$1.7300, 1 @ \$1.7325, 3 @ \$1.7350, 1 @ \$1.7325; BIDS UNFILLED: 9 CARS GRADE AA: 1 @ \$1.7000, 1 @ \$1.6525, 3 @ \$1.6500, 1 @ \$1.6425, 1 @ \$1.6400, 2 @ \$1.6325; OFFERS UNCOVERED: 7 CARS GRADE AA: 1 @ \$1.7300, 1 @ \$1.7350, 3 @ \$1.7400, 2 @ \$1.7500

**CME CASH NONFAT DRY MILK:** Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

**BUTTER MARKETS****NORTHEAST**

The butter market is firm, but the AA price at the CME has (through 8/1) held at \$1.5900 for three consecutive sessions. With the CME cash cheese prices declining, some contacts wonder if butter will follow or just hold at or near current levels. Churning activity is lighter as surplus milk and excess cream volumes are tighter. Butter stocks are fully adequate for current needs. Demand for butter is just fair. Some fall retail needs are being ordered, but some producers have already inventoried enough packaged butter to fill these needs. Retail sales and food service orders are little changed. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

**CENTRAL**

The market tone remains mixed as the cash price at the CME continues to adjust higher and lower. Traders and handlers feel that the cash price will probably remain on the firm side as cream supplies tighten. Butter producers indicate that cream supplies have tightened sharply and prices have firmed. Milk production is declining, but of greater interest is the low butterfat level in incoming milk. Current low butterfat levels are the lowest that many handlers have seen in recent years. Churning activity has been impacted by the lack of cream volumes. In many instances, butter producers are running their operations below capacity levels and are at the lowest levels of the

current production season. Fresh production continues to lag demand, thus inventoried stock is clearing to current demand. Overall, butter demand is fair. Retail orders are seasonally steady, stimulated by an occasional feature. Food service orders are also steady. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

**WEST**

CME cash butter prices had been steady at the \$1.59 level for a number of trading sessions. Butter prices today (August 3) increased 4 1/4 cents to stand at \$1.6325. Demand for butter at this time of year is fair at best. The real news in the market is related to the supply side. Milk and cream are disappearing very rapidly. The heat stress on the milking herd is worse than has been noted for the past few years. Volumes of milk receipts are declining more rapidly. Fat tests are dropping at even a faster pace. Yields are down sharply and not expected to rebound much until the fall milk season. Cream demand is strong from across the country and multiples are higher. CME weekly butter stocks declined by 2.69 million pounds to stand at 94.1 million pounds. This number compares to 108.9 million pounds last year for the same week. Stocks have declined 12.2 million pounds over the last seven weeks this year compared to an increase of 1.49 million pounds for the same period last year. Bulk butter prices range from flat to 4 cents under based on the CME with various time frames and averages.

**NASS DAIRY PRODUCT PRICES****U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
JULY 30	1.4938	1.4874	0.9522	1.5852	0.2842
	7,732,638	9,938,865	16,425,465	2,014,390	11,185,171

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are lower on natural items; fractionally higher on process cheese. The market tone is weak as the CME cash market prices have dipped to their lowest prices since early 2004. Cheese production in the Northeast is steady to lighter as surplus milk volumes tighten. The recent heat wave has taken its toll on milk output and yields, both of which are being felt at most cheese plants. Cheddar stocks are about adequate and most of the current output is being put into aging programs. Mozzarella demand remains relatively slow, but we are only a few weeks away from schools/colleges reopening and distributors are preparing for improved mozzarella demand. Retail and food service orders are mostly steady.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5300-2.0500
Cheddar Single Daisies	:	1.4875-1.9625
Cheddar 40# Block	:	1.5900-1.8600
Process 5# Loaf	:	1.6375-1.8450
Process 5# Sliced	:	1.6575-1.8725
Muenster	:	1.6025-1.8050
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

The cheese market is weak though with a firm undertone. Sharp declines in plant milk receipts and very low summer cheese yields over the past month or so have sharply reduced cheese output. Fat tests on most incoming milk loads (brown cow herds excluded) are reportedly well under 3.5% test and protein levels also low. While some customers are trying to wait for cash prices to bottom out, many plant operators are happy to build a little working inventory before the reopening of schools tightens milk supplies even further. Many in the industry expect cheese prices to rebound soon and some bulk orders may not be filled promptly due to supply issues. Spot bulk interest is slow to moderate, depending on variety. A few plant operators have reduced committed sales back to lower levels to reflect current cheese output. Many cutters and processors are having difficulty in filling a regular 40 hour week with current orders. Mozzarella interest has picked up for some producers but overall still remains sluggish.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6275-1.9700
Brick And/Or Muenster 5#	:	1.9800-2.0000
Cheddar 40# Block	:	1.8000-2.2650
Monterey Jack 10#	:	2.0300-2.2650
Blue 5#	:	2.2950-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6275-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8700

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
08/01/05	50,862	: 149,286
07/01/05	55,272	: 146,912
CHANGE	-4,410	: 2,374
% CHANGE	-8	: 2

## WEST

The cash block cheese price at the CME has fallen 11 3/4 cents in the last six trading sessions. It now stands at \$1.3575 and has not been lower since February 2004. Contacts are a little surprised at the current weakness with the heat stressing the cows over much of the West. Milk volumes are down, but the fat and protein declines are even more of a problem. Sellers are expecting this dip in price below the previous implied floor of \$1.40 to stimulate some additional buying interest. Some buyers have been searching for cheese with the CME market telling that the market is long and prices are weak. Very little current cheese is available and there is no discounting noted. Some buyers were told that the next uncommitted loads on the schedule are in October. Interest in processing solids is improving. Swiss sales are good for this time of year. Producers seem to be more comfortable with stocks of mozzarella going into the good demand fall season.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5800-1.8375
Cheddar 40# Block	:	1.5700-1.9225
Cheddar 10# Cuts	:	1.7500-1.9700
Monterey Jack 10#	:	1.7600-1.9200
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

## FOREIGN

Prices are steady to lower and the market tone is little changed from past weeks. However, with the CME cash cheese price declining during recent sessions, demand for some domestic styles may slow. Buyers often wait for the weekly average prices to move lower before reordering. Supplies of imported or foreign-type cheese are adequate for the slow, seasonal demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6900	: 1.8425-3.3325*
Gorgonzola	: 3.6900-6.0900	: 2.3550-2.4900*
Parmesan (Italy)	: TFEWR	: 3.2575-3.3650*
Romano (Italy)	: 2.1000-3.2500	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.8450-2.0800*
Romano (Cows Milk)	: -0-	: 3.0400-5.2050*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.



## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	91	0	0	0	93	0
SOUTHEAST STATES	31	0	0	0	0	0

Milk production continues to decline in the southern portions of the region, while holding fairly steady in the Northeast. The hot weather did force output lower in the Northeast, but recent cooler weather has slowed the rate of decline and it is now mostly steady. The heat persists in Southeast and milk output continues to decline. Fluid milk supplies are much tighter and milk shipments into the Florida and other Southeastern states have started. Some seasonal agreements, which started August 1 have been made and milk from Michigan, Ohio, Pennsylvania, and New Mexico are being imported to supplement local shortages. With the tight milk supply, it was noted that a major coop is offering producers a premium on any milk they produce (over a certain percentage) above their year ago volumes. A few schools in the Southeast are back in session this week with the majority starting during the next two weeks. Bottlers are stepping up operations to meet schools lunch needs. Retail sales of bottled milk are also showing some improvement and reports of chains running features have been noted in the Middle Atlantic states. Surplus milk volumes are dramatically lower in the South; moderately lower in the North. Southeastern balancing plants are idle except for some weekend milk or to handle milk coming in from the Southwest where milk supplies still outpace capacity. Butter/powder plants in the Northeast are also operating on lighter schedules. Butterfat and protein tests on incoming milk are very low and most contacts are commenting on the low yields. The condensed skim market is little changed as far as supply and demand are concerned. Spot prices are unchanged, but generally higher within the range. The fluid cream market is very firm. Supplies have become very tight and suppliers are having difficulty finding enough cream to satisfy all their customers. Spot prices are generally higher as multiples have jumped into the 140's with few below the high 130's. Not only are multiples increasing, but fuel surcharges continue to increase. Transportation costs and truck scheduling are becoming bigger issues in the cream and fluid milk markets. Ice cream production is increasing, but some producers are not getting all the cream they desire. Cream cheese producers are also out looking for more cream. Churning activity is light.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.0810-2.3992
DELIVERED EQUIVALENT ATLANTA	-	2.1291-2.3852 M 2.2091-2.2571
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.0810-2.2731

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9900-1.0500
NORTHEAST- CLASS III - SPOT PRICES	- 1.1000-1.1700

## M I D W E S T

Class I demand is steady to occasionally improved early in the month. Handlers are busy adjusting schedules to qualifying loads under the various federal orders as of August 1. Upper Midwestern loads of milk are heading to the Southeast to supplement local supplies. Manufacturing milk interest continues to improve though volumes available for sale are declining. Reported spot manufacturing milk prices range from around \$1.00 – 1.25 net, fob. The tilt is much closer

than it has been in quite a while due mainly to weak cheese prices, which if it would hold, could reduce the volume of milk shipped from butter/powder plants to cheese operations. Very low seasonal levels of fat and protein in incoming milk generates sharply lower manufactured product yields. Cream demand has heated up again and multiples are generally higher and supplies harder to find. Supplemental loads of cream continue to originate in the West and Southwest. Spot Class II milk demand is also strong as an alternative to cream. For some upper tier plants milk intakes tended to level off last week though elevated heat indices (90+) through much of the region since 7/30 are causing volumes to again contract. In many areas, crops continue to limp from shower to shower due to depleted soil reserves. The hotter than usual days have pushed crop maturity ahead of normal in areas where beneficial rains have kept crops alive and growing. Hay supplies are expected to be limited and expensive due to extensive winterkill and dry conditions reducing yields through parts of the region. Extension specialists have already been providing producers with forage/feed alternatives.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUL 28 - AUG 3	PREVIOUS YEAR
SLAUGHTER COWS	\$ 49.00- 56.00	\$ 56.00- 61.00
REPLACEMENT HEIFER CALVES	\$300.00-680.00	\$320.00-600.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUL 28 - AUG 3	PREVIOUS YEAR
SLAUGHTER COWS	\$ 51.00- 56.50	\$ 57.50- 66.00

## W E S T

The July 4a price (butter/powder) in CALIFORNIA is \$12.80, \$0.76 higher than June and 5 cents more than last year. The July 4b price (cheese) is \$14.01, up 39 cents from June and \$1.25 higher than last year. Stress in CALIFORNIA on the milking herd is somewhat less this week. Daytime temperatures are just as hot, but the nights are a bit cooler which is reducing the stress somewhat. Some firms had lost 10-12% of their milk over the last three weeks and they are now seeing a bit of a rebound. Tests are still a problem with many comments that they are much lower than in the summer of the past few years. More comments are noted from the trade about short butter production than cheese output. Demand for CREAM is very strong and multiples are higher ranging from 119-130. Some comments are heard that cheese plants are looking for as much cream as ice cream plants due to the low test. The CME butter price closed at \$1.6325 on August 3. This price is up 4 1/4 cents from last week. Some manufacturers are stating that they do not have as much butter on hand for fall needs as they had planned on. The first extended warm period of the summer is occurring in the PACIFIC NORTHWEST. Milk supplies are being impacted because of the higher than normal daytime temperatures. Nights are still relatively cool so that the stress is not that bad. On the east side, temperatures either side of 100 degrees are more common and the stress is beginning to build. Load weights on milk shipments are coming down. Demand for good quality dairy hay is strong and prices are firm. Contacts are wondering if/when the border might reopen for heifers and aged milking cows. Heifer demand is strong. The heat in UTAH and IDAHO has gone on long enough that milk volumes and tests are both being impacted. More humidity is also noted which is adding to the stress level. Plants are running on reduced schedules at most locations. Little outside milk is available for purchase. Hay growers are working on the second cutting and many are commenting that the quality is much better than most of the first cut, but that yields are quite variable. Demand for this cutting is expected to be quite aggressive.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Prices are mixed on a steady market. Some plants are holding additional supplies and clearing stocks at the average to lower. At other locations, prices are adjusting cyclically and contractually higher according to previously negotiated marketing plans. As cheese prices move lower, some cheese operations are reducing production and requiring less milk and encouraging NDM production. Cheese producers are also less likely to purchase NDM for fortification. As milk moves into bottling for school sessions and hot weather takes its toll on milk production, less NDM is expected to be made. Traders report that they are being encouraged to pick up their loads from West Coast suppliers as soon as possible. As a result, traders are tentative in securing contractual loads for the latter part of the year. Off grade NDM is available at some locations for the good demand.

**EAST:** Prices are up slightly and the market tone is mixed, mostly firm in the East. Surplus milk supplies in the Southeast and Northeast are significantly lower and many dryers have greatly reduced drying schedules. The lighter supply of milk is allowing some producers to make a little more high and medium heat NDM as their current stocks are in need of replenishing. Producer inventories are light to moderate. The volumes on hand are generally committed to existing customers. Spot inquires are generally filled in the resale market. Demand is termed as fair to good.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .9625 - 1.0225 MOSTLY: .9800 - 1.0100  
 HIGH HEAT: .9975 - 1.1000

**NONFAT DRY MILK - WEST**

Western low/medium heat prices are steady to fractionally higher. Demand is somewhat mixed. Some contacts are stating that sales activity is steady at good levels, but others are suggesting that stocks are higher than desired for early August. The amount of NDM heading to fortify the cheese vat is quite variable. Some producers are taking some while others are working off existing inventories. Drying schedules remain seasonally low even though a bit of night time cooling is noted. High heat prices moved higher as supplies remain short of full trade needs. No production increases are noted yet. Stocks are on the tight side.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .9200 - .9800 MOSTLY: .9300 - .9450  
 HIGH HEAT: .9600 - .9800

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 29	\$.9351	6,210,930	0
July 22	\$.9282	6,929,306	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to lower and nominal on a steady market. Trade is very light. Sellers trading at the lower end of the range state that there is no way a plant could sell competitively with the West Coast at prices reported as high as \$1.04. Plants listing prices at the high side of the range are content in holding supplies if buyers are not accepting of the reported price. Some producers are reconstituting their dry buttermilk supplies to satisfy ice cream buyer interest in condensed buttermilk. Production of dry buttermilk is steady to lower due to reduced milk and cream volumes available to churns.

F.O.B. CENTRAL: .9500 - 1.0400

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone are unchanged. Northeastern prices remain nominal. There does seem to be growing competition in this market from Western producers who are able to deliver dry buttermilk to the East at prices at or below some current, Eastern offering prices. Production levels are lighter as churning activity continues to decline. Plant stocks are light to balanced. Demand for dry buttermilk is fair.

F.O.B. NORTHEAST: .9300 - 1.0050  
 DELVDSOUTHEAST: .9800 - 1.0600

**DRY BUTTERMILK - WEST**

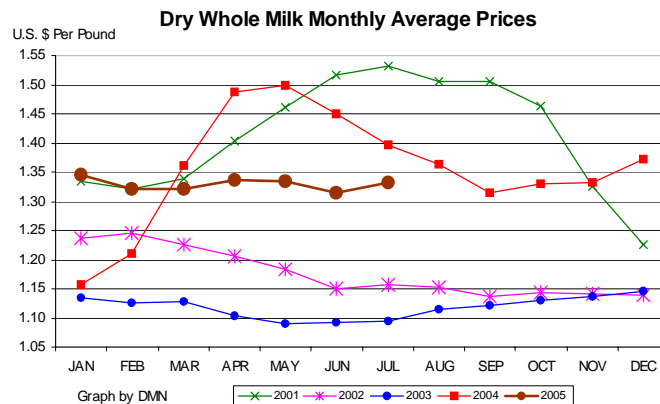
Western buttermilk prices firmed slightly as buyers become more active. Offerings are seasonally light. Quite a bit of buttermilk is moving in the condensed form which is limiting drying activity. Cream has tightened dramatically over the last two weeks which is really limiting churning activity.

F.O.B. WEST: .9050 - .9625 MOSTLY: .9100 - .9200

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are unchanged. Prices remain nominal. Production levels are light and still geared to meeting contractual shipping schedules. Demand is unchanged. Competition from imported whole milk powder remains.

F.O.B. PRODUCING PLANT: 1.2500 - 1.4100



**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are higher on a steady to firm market. Supplies in the Central region are very tight, encouraging buyers to seek additional supplies from the West Coast or via resellers. Some plants report that they are sold out and buyers report that some contractual shipments are being delayed due to the limited supply availability. With lower cheese prices and reduced milk volumes, milk into cheese vats is reduced, resulting in lower volumes of dry whey produced. As milk begins to be shipped to bottling for school sessions, whey production and supplies are expected to remain tight. Milk replacer quality whey is limited for the good feed demand.

F.O.B. CENTRAL: .2725 - .2875 MOSTLY: .2725 - .2825  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2400 - .2600

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are mostly steady and the Northeast price remains nominal. The market tone is unchanged. Production levels are light in the East as surplus milk volumes are tightening and some cheese producers are receiving less milk. Also, lower yields are contributing to less cheese output. Whey drying is still light as plant renovations are impacting dry whey output. Offerings direct from producers are tight and expected to remain that way into the fall. Traders continue to report a steady demand and producers, via contracts, indicate a good demand since all their output is clearing quickly. Export interest continues.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2775 - .3000  
DELVD SOUTHEAST: .2950 - .3175

**DRY WHEY - WEST**

Western whey prices are holding steady in what is being called a stable market. Powder supplies are in a balanced position. Export shipments continue. Complaints about high prices are noted. Domestic sales activity is picking up. Production levels are lighter as cheese output declines seasonally. The solids decline in the milk supply is more of a problem than the volumes.

NONHYGROSCOPIC: .2900 - .3325 MOSTLY: .3000 - .3200

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to lower on a cautiously steady market. Supplies are more readily available now than during the first half of the year. Offering prices are noted at both a discount and a premium to the market. Trade into Central and South America is good whereas Asian demand is somewhat lighter. Stocks of Grade A WPC are short of buyer interest. Some domestic supplies of 80% WPC are directly competitive with the 34% WPC Extra Grade market. Israeli, Norwegian and Canadian 80% WPC and Canadian 34% WPC are reportedly being offered to the feed market at a discount to the 34% market. Feed buyers continue to supplement their formulations with soy, wheat or blood proteins to offset the high cost of dairy proteins. Discussions of 34% WPC prices in the fourth quarter and into 2006 are occurring with uncertainty as alternative supplies of dairy protein such as NDM or 80% WPC or sources of dairy protein such as Oceania or the EU cannot be affirmed.

F.O.B. EXTRA GRADE 34% PROTEIN: .8950 - .9200 MOSTLY: .8950 - .9200

**LACTOSE - CENTRAL AND WEST**

Prices are mostly unchanged on a steady to firm market. Spot movement is reported at prices above and below the average. Demand is best into domestic and export feed markets as supplies of dry whey permeate and dry whey remain short of feed buyer interest. Some spot trade is noted into blending and confectionary operations in preparation for holidays this fall/winter. Production is steady at most locations with some reductions due to lower milk volumes in the hot temperatures and reduced cheese production in response to lower cheese prices. Off grade lactose supplies are limited for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1800 - .2200 MOSTLY: .1900 - .2100

**CASEIN - NATIONAL**

Casein markets are steady at unchanged prices. Domestic buyers continue to voice their concern about supply availability during the coming months. European suppliers feel that they are in a better position than last season. Casein production has been strong during the first half of the season, but now milk output is on the down side and, in instances, the direction of the milk supply is changing. Oceania suppliers remain optimistic about the upcoming production season. Milk production is just starting to increase in this region, thus it will be awhile before suppliers and handlers realize how the casein season is developing.

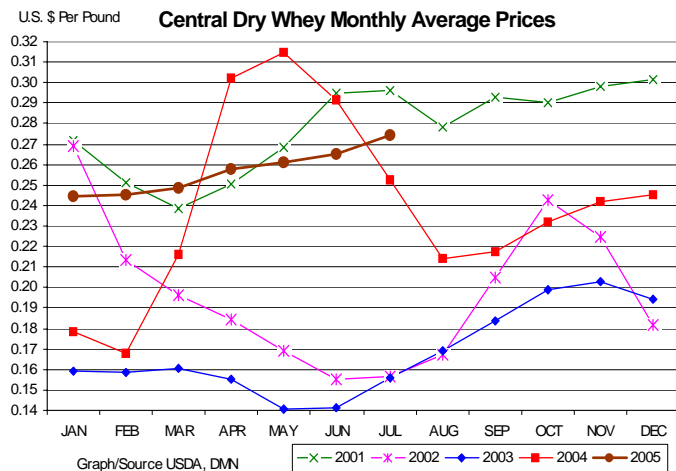
SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.4500  
ACID: 3.2700 - 3.4000

**EVAPORATED MILK - NATIONAL**

Prices are steady. The market tone is unchanged, but still competitive and settling out from July 1 loss of a producer on the retailer side of the market. Surplus milk supplies continue to tighten and production of canned evaporated milk are often lighter.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00  
Excluding promotional and other sales allowances. Included new price announcements.



## CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	07/20	07/21	07/22	07/25	07/26	07/27	07/28	07/29	08/01	08/02
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt</b>										
JUL 05	14.34 (3083) 79	14.35 (3087) 6	14.37 (3085) 6	14.40 (3089) 21	14.36 (3089) 0	14.36 (3088) 2	14.38 (3081) 16	14.37 (3082) 2	14.38 (3082) 1	14.38 (3065) 0
AUG 05	13.88 (3328) 316	13.90 (3327) 106	14.09 (3305) 153	14.43 (3345) 203	14.25 (3322) 184	14.00 (3327) 77	13.93 (3310) 157	13.60 (3191) 296	13.49 (3159) 114	13.42 (3069) 139
SEP 05	14.10 (3453) 269	14.30 (3440) 148	14.50 (3496) 247	15.02 (3591) 386	14.88 (3634) 244	14.58 (3589) 107	14.53 (3605) 276	14.16 (3595) 140	14.15 (3613) 151	14.15 (3668) 194
OCT 05	13.84 (2375) 149	13.98 (2384) 49	14.20 (2442) 200	14.67 (2468) 225	14.63 (2480) 114	14.40 (2505) 49	14.36 (2453) 211	14.09 (2453) 69	14.08 (2469) 40	14.13 (2495) 81
NOV 05	13.48 (1692) 37	13.65 (1699) 77	13.69 (1707) 47	13.98 (1737) 88	13.88 (1744) 29	13.59 (1753) 28	13.54 (1753) 27	13.40 (1755) 39	13.39 (1766) 46	13.44 (1725) 46
DEC 05	13.18 (1529) 27	13.31 (1538) 32	13.34 (1634) 156	13.60 (1634) 21	13.55 (1633) 19	13.45 (1636) 9	13.40 (1639) 14	13.40 (1646) 30	13.32 (1646) 13	13.39 (1603) 44
JAN 06	12.80 (905) 34	12.85 (909) 15	12.99 (913) 10	13.02 (916) 5	13.02 (918) 7	13.00 (919) 10	12.95 (919) 10	13.00 (944) 49	12.90 (944) 1	12.87 (944) 2
FEB 06	12.80 (773) 24	12.85 (786) 14	12.97 (788) 3	12.95 (797) 16	13.00 (793) 7	13.00 (790) 10	12.98 (790) 4	12.98 (804) 36	12.86 (804) 3	12.86 (803) 2
MAR 06	12.80 (745) 30	12.85 (756) 13	12.94 (756) 8	12.94 (758) 7	12.96 (757) 8	13.00 (756) 11	12.98 (756) 5	12.98 (799) 75	12.85 (803) 6	12.85 (803) 11
APR 06	12.65 (688) 15	12.70 (696) 16	12.80 (696) 0	12.83 (697) 2	12.84 (698) 7	12.84 (706) 14	12.82 (708) 4	12.82 (731) 53	12.79 (731) 0	12.79 (731) 0
MAY 06	12.76 (631) 16	12.83 (640) 16	12.85 (640) 0	12.85 (641) 3	12.85 (642) 11	12.85 (649) 14	12.83 (649) 2	12.83 (667) 52	12.79 (669) 2	12.82 (670) 1
JUN 06	12.87 (532) 13	12.94 (544) 18	12.97 (544) 0	12.97 (545) 2	12.97 (545) 10	12.92 (549) 13	12.88 (549) 3	12.88 (603) 62	12.85 (605) 5	12.85 (607) 8
JUL 06	13.06 (382) 14	13.20 (388) 12	13.25 (388) 0	13.25 (389) 2	13.25 (390) 9	13.25 (391) 8	13.23 (394) 3	13.20 (427) 36	13.18 (432) 5	13.19 (436) 4
AUG 06	13.10 (361) 14	13.11 (361) 8	13.30 (372) 11	13.30 (374) 2	13.30 (375) 10	13.30 (379) 7	13.30 (384) 7	13.25 (398) 27	13.23 (408) 10	13.23 (408) 0
SEP 06	13.41 (366) 14	13.41 (377) 11	13.50 (377) 0	13.50 (379) 2	13.51 (381) 10	13.50 (384) 6	13.50 (384) 0	13.45 (421) 40	13.42 (423) 2	13.45 (427) 4
OCT 06	12.89 (373) 14	12.89 (373) 5	12.89 (373) 0	12.89 (376) 3	13.00 (379) 13	13.00 (381) 7	13.00 (387) 12	12.95 (409) 23	12.95 (413) 10	12.95 (417) 4
NOV 06	12.78 (359) 14	12.78 (359) 5	12.81 (359) 0	12.81 (359) 0	12.83 (362) 11	12.83 (364) 8	12.83 (369) 6	12.83 (385) 26	12.80 (385) 0	12.80 (389) 4
DEC 06	12.75 (380) 14	12.75 (380) 6	12.80 (380) 0	12.80 (380) 0	12.80 (383) 11	12.80 (384) 7	12.80 (391) 7	12.79 (408) 17	12.77 (408) 10	12.78 (410) 4
JAN 07	12.70 (38) 0	12.70 (49) 11	12.70 (49) 0	12.70 (49) 0	12.70 (49) 0	12.70 (49) 0	12.70 (49) 0	12.70 (49) 0	12.70 (49) 0	12.70 (51) 2
FEB 07	12.55 (34) 0	12.55 (45) 11	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0	12.55 (45) 0
MAR 07	12.55 (32) 0	12.55 (43) 11	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0	12.55 (43) 0
APR 07	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0
MAY 07	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0
<b>CME - (CLASS IV) MILK FUTURES - Dollars per cwt.</b>										
JUL 05	12.76 (22) 0	12.76 (22) 0	12.81 (22) 0	12.86 (22) 0	12.86 (22) 0	12.86 (22) 0	12.88 (22) 0	12.90 (22) 0	12.90 (22) 0	12.90 (22) 0
AUG 05	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0
SEP 05	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0
OCT 05	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0
NOV 05	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0
DEC 05	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0
<b>CME - BUTTER FUTURES -- Cents per pound</b>										
JUL 05	152.75 (16) 0	152.75 (16) 0	152.75 (16) 0	152.75 (2) 0	152.75 (2) 0	152.75				
SEP 05	157.25 (509) 5	158.00 (516) 15	160.00 (514) 19	163.50 (513) 3	162.00 (479) 42	157.00 (476) 9	158.50 (484) 18	159.50 (483) 6	158.00 (478) 11	160.50 (476) 11
OCT 05	158.50 (336) 3	158.50 (342) 16	160.50 (345) 3	165.50 (345) 0	164.00 (345) 0	159.00 (351) 9	159.25 (360) 15	159.75 (360) 3	158.00 (362) 5	160.00 (362) 1
DEC 05	152.50 (161) 2	152.50 (160) 1	153.50 (160) 0	153.50 (160) 3	153.25 (164) 5	152.00 (164) 0	152.00 (164) 0	153.25 (164) 0	153.25 (165) 1	154.25 (165) 0
MAR 06	148.50 (30) 0	149.00 (30) 0	150.00 (32) 2	151.00 (32) 1	151.50 (35) 3	151.00 (35) 2	151.00 (35) 2	152.00 (35) 0	152.00 (35) 0	152.00 (35) 0
MAY 06	150.00 (18) 0	150.00 (18) 0	150.25 (20) 2	151.03 (20) 0	151.53 (23) 6	151.00 (23) 0	151.00 (23) 0	151.00 (23) 0	151.00 (23) 0	152.00 (23) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.



## INTERNATIONAL DAIRY MARKET NEWS

Information gathered July 25 - August 5, 2005

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**WESTERN OVERVIEW:** Milk production patterns across Western Europe continue to be influenced by weather patterns. Hot/dry conditions in many areas continue to be reported. Some areas are nearing drought conditions. In these areas, producers are quite concerned about sufficient feed stocks for upcoming winter needs. In other areas, some rainfall has occurred, thus pastures and winter feed potential is in much better shape. Overall milk production continues to run slightly ahead of last year, although some areas are trailing last season at this time. Many producers state that if adverse weather conditions do not break soon, production declines could be quite sharp. Trading activity within Europe is slow and unaggressive as the summer holiday/vacation season is occurring. Most traders and handlers state that they would anticipate that once September rolls around and the summer vacation period has ended, international buyer interest might resume. At this point, most interest is centered around fourth quarter deliveries, but no significant sales activity is being reported. Traders and handlers state that stocks are available for both internal and international buyer interest with most trading activity centering around internal needs at this time. Intervention comes to a close at the end of the month and producers and handlers do not foresee much, if any, additional offerings to occur between now and then.

**BUTTER/BUTTEROIL:** European butter markets and prices are generally steady, although a slightly weaker undertone is developing. Stocks of butter are readily available for buyer interest. At this point, most sales activity is centered around an internal market with international buyer interest slow. This is the summer holiday/vacation season, thus traders do not foresee significant sales activity during next four to five weeks.

82% BUTTERFAT: 1,850 - 2,000  
99% BUTTERFAT: 2,500 - 2,800

**SKIM MILK POWDER (SMP):** European skim milk powder markets are steady at unchanged prices. Producers and handlers state that there are stocks available for immediate and future deliveries. Sales activity is reported as slow. This is not unusual for this time of the season as this is the summer holiday/vacation season. Traders feel that buyers will return to the market in four to five weeks. Some buyer inquiries are occurring for deliveries during the fourth quarter.

1.25% BUTTERFAT: 2,300 - 2,400

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady at unchanged prices. Stocks of powder are available but not at levels of previous years. Production has been and continues to trail last season. Buyer interest is slow and unaggressive. Most sales activity is centered around an internal or domestic market with international sales light. Traders and handlers state that there are some buyer inquiries, but for fourth quarter deliveries. At this point, no significant sales are being reported.

26% BUTTERFAT: 2,200 - 2,350

**SWEET WHEY POWDER:** Whey powder markets remain firm at unchanged prices. Milk production is declining seasonally throughout Europe, thus cheese production is also edging lower. Whey stocks are available for both internal and international buyer interest. As has been the case for much of the season, whey prices have been higher than international buyers were willing to pay, thus most sales activity has centered around an internal market.

NONHYGROSCOPIC: 650 - 800

**EASTERN OVERVIEW:** Milk production in Eastern Europe is basically on the down side of the season. Up to this point, milk output has been stronger than last year, but in recent days there are reports of heavier than usual declines. Often, Eastern European milk production is influenced to a greater extent by weather conditions, thus hot and dry conditions could be a major contributing factor to this trend. Stocks of manufactured dairy products are available for internal and international buyer interest. Traders report that buyer interest is slow. Some producers and handlers in Eastern non EU countries report that buyer interest is occurring.

## OCEANIA

**OVERVIEW:** The milk production season, though very early, has begun in Oceania. It is still too early to predict how the year will develop, but producers and handlers are optimistic about the 2005 - 2006 season. In New Zealand, reports indicate that July has been the warmest in many years, thus early spring temperatures are conducive to a favorable start. Milk volumes are reported to be slightly higher on the South Island and slightly lower on the North Island for this time of the season. In the past few weeks, a smaller dairy plant in northern areas of the South Island had a fire. Damage occurred and warehoused stock was lost. Reports indicate that the plant will not be ready for the start of the new milk production season as it develops. Plans are to rebuild the operation, but the product mix from this facility might change. In Australia, the new milk production season is not quite as aggressive as in New Zealand. Producers and handlers state that it will be a few more weeks before their season resumes. Shipments of manufactured dairy products continue out of Oceania. Traders and handlers state that inventories of warehoused dairy products are dwindling and many are pleased that the new milk production season is beginning or soon to resume. In most instances, stocks will be sufficient to meet commitments, although some feel that they may have to reach to outside sources to fulfill all needs. Others are hopeful that they will not have to reach too far into new production to fulfill their commitments. As has been the situation for much of the past production season, handlers and traders still indicate that there will basically be no Oceania stocks for additional or spot buyer interest at this time.

**BUTTER:** Oceania butter markets are generally steady at unchanged prices, although a firm undertone prevails. The new milk production season is about to resume, thus producers and handlers are looking forward to the period with optimism. At present, traders and handlers continue to fill orders from inventoried stocks. These stocks are declining to the point that most handlers feel that they will not have any additional butter stocks for spot buyer interest. New season production is basically earmarked for regular and ongoing customer needs at this time.

82% BUTTERFAT: 1,950 - 2,400

**CHEDDAR CHEESE:** Cheese markets are steady to firm. Traders state that contract negotiations for new production are basically finalized. As with other Oceania manufactured dairy products, much of the new production is already committed to regular and ongoing customers. At this point, cheese traders are hesitant to acknowledge potential new buyer interest until they get a better feel for what the new milk production season will generate.

39% MAXIMUM MOISTURE: 2,700 - 3,000

**SKIM MILK POWDER (SMP):** Skim milk powder markets are steady to firm with prices unchanged to slightly higher. Oceania suppliers anticipate good demand during the upcoming new milk production season. International supplies are not overly abundant, thus Oceania traders and handlers feel that their stocks will be aggressively sought. Inventories of last season's production are quite low and some handlers may have to reach into new production to fill all commitments. Due to these conditions, there appears to not be any additional powder stocks available for late season spot buyer interest.

1.25% BUTTERFAT: 2,200 - 2,300

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady to firm. Stocks are in very close balance with some traders and handlers indicating that they will be reaching into new production to fulfill current commitments. Traders and handlers state that a significant portion of stock generated during the early months of the new, upcoming, production season is already committed. Traders feel that most all stock, generated during the upcoming year, will be actively sought after due to lighter than usual international supplies.

26% BUTTERFAT: 2,200 - 2,350

Exchange rates for selected foreign currencies: August 1, 2005

.8253 Canadian Dollar	.0230 Indian Rupee
.3498 Argentina Peso	.6842 New Zealand Dollar
.0945 Mexican Peso	.7618 Australian Dollar
.3000 Polish Zloty	.0089 Japanese Yen
	1.2185 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0945)= 10.5820. That is 1 US Dollar equals 10.5820 Mexican Pesos. Source: "Wall Street Journal"



MONTHLY SUMMARY AND AVERAGES FOR JULY 2005 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 26 :: JUL 01	::REPORT NUMBER 27 :: JUL 04 - 08	::REPORT NUMBER 28 :: JUL 11 - 15	::REPORT NUMBER 29 :: JUL 18 - 22	::REPORT NUMBER 30 :: JUL 25 - 29	:: 2005 :: Average or Total	:: 2004 :: Average or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.6500 - 1.9300	:: 1.6975 - 1.9700	:: 1.7075 - 1.9700	:: 1.7075 - 1.9700	:: 1.6275 - 1.9700	:: 1.8253	:: 1.9069
-- Brick And/Or Muenster 5#	:: 1.9400 - 2.0525	:: 1.9800 - 2.0950	:: 1.9800 - 2.1000	:: 1.9800 - 2.1000	:: 1.9800 - 2.0150	:: 2.0267	:: 2.1446
-- Cheddar 40# Block	:: 1.7900 - 2.2650	:: 1.8300 - 2.2650	:: 1.8300 - 2.2650	:: 1.8300 - 2.2650	:: 1.8150 - 2.2650	:: 2.0446	:: 2.0320
-- Monterey Jack 10#	:: 1.9900 - 2.2650	:: 2.0300 - 2.2650	:: 2.0300 - 2.2650	:: 2.0300 - 2.2650	:: 2.0300 - 2.2650	:: 2.1465	:: 2.1610
-- Blue 5#	:: 2.3475 - 2.6500	:: 2.3900 - 2.6900	:: 2.3950 - 2.6900	:: 2.3950 - 2.6900	:: 2.3100 - 2.6900	:: 2.5292	:: 2.5516
-- Mozzarella 5 - 6#	:: 1.6800 - 2.3650	:: 1.7225 - 2.3650	:: 1.7275 - 2.3650	:: 1.7275 - 2.3650	:: 1.6425 - 2.3650	:: 2.0339	:: 2.0538
-- Grade A Swiss Cuts 6 - 9#	:: 2.4300 - 2.8900	:: 2.4300 - 2.8700	:: 2.4300 - 2.8700	:: 2.4300 - 2.8700	:: 2.4300 - 2.8700	:: 2.6505	:: 2.6433
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.5825 - 2.0975	:: 1.6250 - 2.1400	:: 1.6300 - 2.1450	:: 1.6300 - 2.1450	:: 1.5450 - 2.0650	:: 1.8635	:: 1.7701
-- Cheddar Single Daisies	:: 1.5400 - 2.0150	:: 1.5825 - 2.0575	:: 1.5875 - 2.0625	:: 1.5875 - 2.0625	:: 1.5025 - 1.9775	:: 1.8004	:: 1.7076
-- Cheddar 40# Block	:: 1.6425 - 1.9125	:: 1.6850 - 1.9550	:: 1.6900 - 1.9600	:: 1.6900 - 1.9600	:: 1.6050 - 1.8750	:: 1.8004	:: 1.7151
-- Process 5# Loaf	:: 1.6625 - 1.8700	:: 1.7075 - 1.9150	:: 1.7175 - 1.9250	:: 1.7175 - 1.9250	:: 1.6350 - 1.8425	:: 1.7959	:: 1.7383
-- Process 5# Sliced	:: 1.6825 - 1.8975	:: 1.7275 - 1.9425	:: 1.7375 - 1.9525	:: 1.7375 - 1.9525	:: 1.6550 - 1.8700	:: 1.8196	:: 1.7770
-- Muenster	:: 1.6550 - 1.8575	:: 1.6975 - 1.9000	:: 1.7025 - 1.9050	:: 1.7025 - 1.9050	:: 1.6175 - 1.8200	:: 1.7791	:: 1.7864
-- Grade A Swiss Cuts 10 - 14#	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.5500	:: 2.5500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.6050 - 1.8625	:: 1.6500 - 1.9075	:: 1.6600 - 1.9175	:: 1.6600 - 1.9175	:: 1.5800 - 1.8375	:: 1.7640	:: 1.7064
-- Cheddar 40# Block	:: 1.6225 - 1.9750	:: 1.6650 - 2.0175	:: 1.6700 - 2.0225	:: 1.6700 - 2.0225	:: 1.5850 - 1.9375	:: 1.8216	:: 1.7439
-- Cheddar 10# Cuts	:: 1.8025 - 2.0225	:: 1.8450 - 2.0650	:: 1.8500 - 2.0700	:: 1.8500 - 2.0700	:: 1.7650 - 1.9850	:: 1.9354	:: 1.8576
-- Monterey Jack 10#	:: 1.8125 - 1.9725	:: 1.8550 - 2.0150	:: 1.8600 - 2.0200	:: 1.8600 - 2.0200	:: 1.7750 - 1.9350	:: 1.9154	:: 1.8376
-- Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.4750	:: 2.6600
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 2.1380 - 2.2666	:: 2.2587 - 2.3946	:: 1.9816 - 2.2788	:: 2.0669 - 2.2785	:: 1.9916 - 2.2625	:: 2.1829	:: 2.4653
-- Atlanta - dlvd. equiv.	:: 2.1540 - 2.2987	:: 2.2757 - 2.4286	:: 2.0476 - 2.3118	:: 2.0507 - 2.2948	:: 2.0235 - 2.2944	:: 2.2096	:: 2.4895
-- Upper Midwest - f.o.b	:: 2.0255 - 2.1541	:: 2.1399 - 2.2757	:: 2.0806 - 2.2127	:: 2.0507 - 2.2215	:: 2.0076 - 2.1350	:: 2.1346	:: 2.4480
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 0.9400 - 1.0200	:: 0.9900 - 1.0500	:: 0.9900 - 1.0500	:: 0.9900 - 1.0500	:: 0.9900 - 1.0500	:: 1.0180	:: 0.9378
-- Class III	:: 1.1000 - 1.1700	:: 1.1000 - 1.1700	:: 1.1000 - 1.1700	:: 1.1000 - 1.1700	:: 1.1000 - 1.1700	:: 1.1350	:: 1.0966
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	:: 24.7500	:: 26.0000

MONTHLY SUMMARY AND AVERAGES FOR JULY 2005 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 26 ::----- :: JUL 01	::REPORT NUMBER 27 ::----- :: JUL 04 - 08	::REPORT NUMBER 28 ::----- :: JUL 11 - 15	::REPORT NUMBER 29 ::----- :: JUL 18 - 22	::REPORT NUMBER 30 ::----- :: JUL 25 - 29	:: 2005 :: Average :: or Total	:: 2004 :: Average :: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.9350 - 1.0100	:: 0.9425 - 1.0100	:: 0.9425 - 1.0100	:: 0.9550 - 1.0150	:: 0.9550 - 1.0150	:: 0.9804	:: 0.9188
-- Mostly	:: 0.9800 - 0.9900	:: 0.9800 - 0.9900	:: 0.9800 - 1.0000	:: 0.9800 - 1.0000	:: 0.9800 - 1.0000	:: 0.9888	:: 0.8859
-- High Heat	:: 0.9700 - 1.0950	:: 0.9775 - 1.0950	:: 0.9775 - 1.0950	:: 0.9900 - 1.0950	:: 0.9900 - 1.1000	:: 1.0398	:: 1.0525
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.9050 - 0.9800	:: 0.9000 - 0.9800	:: 0.9100 - 0.9800	:: 0.9175 - 0.9800	:: 0.9175 - 0.9800	:: 0.9458	:: 0.8435
-- Mostly	:: 0.9200 - 0.9350	:: 0.9200 - 0.9350	:: 0.9200 - 0.9350	:: 0.9250 - 0.9450	:: 0.9300 - 0.9450	:: 0.9319	:: 0.8443
-- High Heat	:: 0.9400 - 0.9700	:: 0.9500 - 0.9700	:: 0.9500 - 0.9700	:: 0.9500 - 0.9800	:: 0.9500 - 0.9800	:: 0.9623	:: 0.9332
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.2650 - 0.2725	:: 0.2675 - 0.2750	:: 0.2700 - 0.2800	:: 0.2700 - 0.2800	:: 0.2700 - 0.2850	:: 0.2746	:: 0.2527
-- Mostly	:: 0.2650 - 0.2700	:: 0.2675 - 0.2725	:: 0.2700 - 0.2750	:: 0.2700 - 0.2750	:: 0.2700 - 0.2750	:: 0.2718	:: 0.2513
-- West (f.o.b.)	:: 0.2900 - 0.3200	:: 0.2900 - 0.3200	:: 0.2900 - 0.3200	:: 0.2900 - 0.3200	:: 0.2900 - 0.3325	:: 0.3066	:: 0.2458
-- Mostly	:: 0.2950 - 0.3075	:: 0.3000 - 0.3075	:: 0.3025 - 0.3100	:: 0.3050 - 0.3150	:: 0.3000 - 0.3200	:: 0.3074	:: 0.2308
-- Northeast (f.o.b.)	:: 0.2650 - 0.3000	:: 0.2725 - 0.3000	:: 0.2750 - 0.3000	:: 0.2775 - 0.3000	:: 0.2775 - 0.3000	:: 0.2876	:: 0.2819
-- Southeast (Delvd)	:: 0.2850 - 0.3100	:: 0.2875 - 0.3100	:: 0.2900 - 0.3125	:: 0.2950 - 0.3150	:: 0.2950 - 0.3175	:: 0.3028	:: 0.2848
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.8950 - 1.0000	:: 0.8950 - 1.0000	:: 0.8950 - 1.0000	:: 0.8950 - 1.0000	:: 0.8950 - 1.0000	:: 0.9475	:: 0.6459
-- Mostly	:: 0.8950 - 0.9200	:: 0.8950 - 0.9200	:: 0.8950 - 0.9200	:: 0.8950 - 0.9200	:: 0.8950 - 0.9200	:: 0.9075	:: 0.6516
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2425 - 0.2600	:: 0.2425 - 0.2600	:: 0.2425 - 0.2600	:: 0.2400 - 0.2600	:: 0.2400 - 0.2600	:: 0.2506	:: 0.2032
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.9800 - 1.0100	:: 0.9600 - 1.0400	:: 0.9600 - 1.0400	:: 0.9600 - 1.0400	:: 0.9600 - 1.0400	:: 0.9998	:: 1.1357
-- West (f.o.b.)	:: 0.9000 - 0.9575	:: 0.9025 - 0.9575	:: 0.9025 - 0.9600	:: 0.9025 - 0.9625	:: 0.9025 - 0.9625	:: 0.9315	:: 1.0425
-- Mostly	:: 0.9000 - 0.9050	:: 0.9050 - 0.9100	:: 0.9025 - 0.9100	:: 0.9025 - 0.9100	:: 0.9025 - 0.9100	:: 0.9063	:: 1.0350
-- Northeast (f.o.b.)	:: 0.9300 - 0.9800	:: 0.9400 - 1.0050	:: 0.9300 - 1.0050	:: 0.9300 - 1.0050	:: 0.9300 - 1.0050	:: 0.9679	:: 1.0649
-- Southeast (Delvd)	:: 0.9500 - 1.0300	:: 0.9800 - 1.0600	:: 0.9800 - 1.0600	:: 0.9800 - 1.0600	:: 0.9800 - 1.0600	:: 1.0185	:: 1.0877
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.2400 - 1.3800	:: 1.2500 - 1.4500	:: 1.2500 - 1.4100	:: 1.2500 - 1.4100	:: 1.2500 - 1.4100	:: 1.3330	:: 1.3957
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1750 - 0.2150	:: 0.1850 - 0.2200	:: 0.1800 - 0.2200	:: 0.1800 - 0.2200	:: 0.1800 - 0.2200	:: 0.2003	:: 0.2405
-- Mostly	:: 0.1800 - 0.2000	:: 0.1900 - 0.2100	:: 0.1900 - 0.2100	:: 0.1900 - 0.2100	:: 0.1900 - 0.2100	:: 0.1995	:: 0.2290
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.2700 - 3.4500	:: 3.2700 - 3.4500	:: 3.2700 - 3.4500	:: 3.2700 - 3.4500	:: 3.2700 - 3.4500	:: 3.3600	:: 2.6230
-- Nonrestricted - Acid	:: 3.2700 - 3.4000	:: 3.2700 - 3.4000	:: 3.2700 - 3.4000	:: 3.2700 - 3.4000	:: 3.2700 - 3.4000	:: 3.3350	:: 2.6318

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

## CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JULY 2005

COMMODITY	REPORT NUMBER 26	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	2005 *	2004 *
	JUL 1	JUL 5 - 8	JUL 11 - 15	JUL 18 - 22	JUL 25 - 29	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	::	:: #	:: 1.6200	:: 1.6300	:: 1.6225	::	:
--Tuesday	::	::	::	::	::	::	:
--Wednesday	::	:: 1.6700	:: 1.6225	:: 1.5600	:: 1.5900	::	:
--Thursday	::	::	::	::	::	::	:
--Friday	:: 1.6850	:: 1.6325	:: 1.6400	:: 1.5900	:: 1.5900	:: 1.6210	: 1.7458
--Weekly Average**	:: 1.6983	:: 1.6513	:: 1.6275	:: 1.5933	:: 1.6008	::	:
CHEESE*							
-- BARRELS							
--Monday	::	:: #	:: 1.5075	:: 1.5100	:: 1.4550	::	:
--Tuesday	::	:: 1.5075	:: 1.5075	:: 1.4100	:: 1.4550	::	:
--Wednesday	::	:: 1.5075	:: 1.5075	:: 1.4100	:: 1.4550	::	:
--Thursday	::	:: 1.5075	:: 1.5100	:: 1.4000	:: 1.4100	::	:
--Friday	:: 1.5075	:: 1.5075	:: 1.5100	:: 1.4025	:: 1.3650	:: 1.4676	: 1.4226
--Weekly Average**	:: 1.4970	:: 1.5075	:: 1.5085	:: 1.4265	:: 1.4280	::	:
-- 40# BLOCKS							
--Monday	::	:: #	:: 1.5500	:: 1.5500	:: 1.4750	::	:
--Tuesday	::	:: 1.5500	:: 1.5500	:: 1.4500	:: 1.4750	::	:
--Wednesday	::	:: 1.5500	:: 1.5500	:: 1.4500	:: 1.4650	::	:
--Thursday	::	:: 1.5500	:: 1.5500	:: 1.4300	:: 1.4450	::	:
--Friday	:: 1.5475	:: 1.5500	:: 1.5500	:: 1.4425	:: 1.3900	:: 1.5035	: 1.4486
--Weekly Average**	:: 1.5460	:: 1.5500	:: 1.5500	:: 1.4645	:: 1.4500	::	:
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	::	:: #	:: 0.9625	:: 0.9625	:: 0.9625	::	:
--Tuesday	::	:: 0.9625	:: 0.9625	:: 0.9625	:: 0.9625	::	:
--Wednesday	::	:: 0.9625	:: 0.9625	:: 0.9625	:: 0.9625	::	:
--Thursday	::	:: 0.9625	:: 0.9625	:: 0.9625	:: 0.9625	::	:
--Friday	:: 0.9625	:: 0.9625	:: 0.9625	:: 0.9625	:: 0.9625	:: 0.9625	: 0.8733
--Weekly Average**	:: 0.9625	:: 0.9625	:: 0.9625	:: 0.9625	:: 0.9625	::	:
-- GRADE A							
--Monday	::	:: #	:: 0.9825	:: 0.9825	:: 0.9825	::	:
--Tuesday	::	:: 0.9825	:: 0.9825	:: 0.9825	:: 0.9825	::	:
--Wednesday	::	:: 0.9825	:: 0.9825	:: 0.9825	:: 0.9825	::	:
--Thursday	::	:: 0.9825	:: 0.9825	:: 0.9825	:: 0.9825	::	:
--Friday	:: 0.9825	:: 0.9825	:: 0.9825	:: 0.9825	:: 0.9825	:: 0.9825	: 0.8733
--Weekly Average**	:: 0.9825	:: 0.9825	:: 0.9825	:: 0.9825	:: 0.9825	::	:

\* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

\*\* Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

# No trading - holiday.

## JULY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2005 was unchanged at 140. Compared with July 2004, the index was up 5 points (3.7 percent). The index of prices received by farmers for dairy products advanced 2 points during the month of July 2005 to 113. Compared with July 2004, the index was down 10 points (8.1 percent).

Prices received by farmers in July with changes from June were: for All Milk, \$14.80 per hundredweight (cwt.), down \$.30; for Fluid Grade Milk, \$14.80 per cwt., down \$.30; and for Manufacturing Grade Milk, \$14.10 per cwt., down \$.30.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JULY 2005 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JUNE		JULY		JULY		JULY		JULY	
	2005	2004 <u>2/</u>	2005 <u>4/</u>	2004 <u>2/</u>	2005 <u>4/</u>	2004 <u>2/</u>	2005 <u>7/</u>	2004 <u>8/</u>	2005	2004
CA	13.42	16.26	13.80	13.85	1,800	1,700	52.80	53.70	128.00	110.00
ID	14.00	15.90	14.50	13.90	2,000	1,850	54.60	53.00	107.00	102.00
MI	14.60	19.00	15.00	16.90	1,900	1,800	55.00	55.00	77.00	84.00
MN	14.80	18.30	15.10	15.90	1,780	1,570	58.00	61.00	66.00	65.00
NM	13.70	17.40	13.90	15.50	1,880	1,830	56.20	59.00	127.00	116.00
NY	14.90	19.50	14.90	17.50	1,700	1,620	---	---	112.00	116.00
PA	15.90	20.70	16.30	18.70	1,800	1,750	54.50	53.40	127.00	120.00
TX	14.40	18.90	14.50	17.00	1,930	1,800	53.70	54.10	80.00	80.00
WA	14.30	18.20	14.80	16.30	1,950	1,900	---	---	116.00	103.00
WI	14.90	18.40	15.20	16.30	1,830	1,700	56.70	57.30	109.00	84.00
U.S.	14.50	18.20	14.80	16.10	1,830	1,720	55.60	56.30	99.70	90.40

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., JULY 2005 WITH COMPARISONS

ITEM	JULY 2004	JUNE 2005 <u>1/</u>	JULY 2005 <u>2/</u>
<b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., at reported butterfat test: <u>3/</u>			
All milk	16.10	14.50	14.80
Fluid grade milk	16.10	14.50	14.80
Manufacturing grade milk	14.20	13.80	14.10
<b>INDEX NUMBERS</b> (1990-92=100):			
Prices received by farmers for all farm products	124	120	119
Prices received by farmers for dairy products	123	111	113
Prices paid by farmers for commodities and services, interest taxes, and wage rates	135	140	140
Prices paid by farmers for production items	133	139	140
Prices paid by farmers for feed	128	120	122
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	2.96	2.89	2.90

1/ Partially revised. 2/ Preliminary. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

**SOURCE:** "Agricultural Prices," Pr 1 (7-05), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.



# ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS, AUGUST 2005, WITH COMPARISONS <sup>1/</sup>

Note: Federal milk order Class I prices in Report 30 were incorrect.

For August 2005, the all-city average announced cooperative Class I price was \$18.50 per cwt., \$1.53 higher than the Federal milk order Class I price average for these cities. The August cooperative Class I price was \$.51 higher than the July price, while the Federal order price was \$.55 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$2.69 in Chicago, IL and Milwaukee, WI. For August 2004, the all-city average announced cooperative Class I price was \$18.62, \$1.47 higher than the Federal order Class I price average for these cities.

City	August 2005		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	19.15	17.54	1.61
Baltimore, MD	19.24	17.44	1.80
Boston, MA	19.39	17.69	1.70
Charlotte, NC	19.15	17.54	1.61
Chicago, IL	18.93	16.24	2.69
Cincinnati, OH	18.50	16.64	1.86
Cleveland, OH	18.30	16.44	1.86
Dallas, TX	18.00	17.44	0.56
Denver, CO	17.84	16.99	0.85
Des Moines, IA	17.99	16.24	1.75
Detroit, MI	18.11	16.24	1.87
Hartford, CT	19.29	17.59	1.70
Houston, TX	18.60	18.04	0.56
Indianapolis, IN	18.30	16.44	1.86
Kansas City, MO	17.68	16.44	1.24
Louisville, KY	18.25	16.64	1.61
Memphis, TN	18.65	17.24	1.41
Miami, FL	21.42	18.74	2.68
Milwaukee, WI	18.88	16.19	2.69
Minneapolis, MN	18.13	16.14	1.99
New Orleans, LA	19.45	18.04	1.41
Oklahoma City, OK	17.65	17.04	0.61
Omaha, NE	17.74	16.29	1.45
Philadelphia, PA	19.56	17.49	2.07
Phoenix, AZ	16.94	16.79	0.15
Pittsburgh, PA	18.53	16.54	1.99
St. Louis, MO	17.99	16.44	1.55
Seattle, WA	16.76	16.34	0.42
Springfield, MO	17.25	16.64	0.61
Washington, DC	19.24	17.44	1.80
Simple Average	18.50	16.97	1.53

<sup>1/</sup> This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

## JUNE 2005 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 104.3 million pounds in June, 5.2 percent above June 2004 but 12.8 percent below May 2005. **AMERICAN TYPE CHEESE** production totaled 321.0 million pounds, 4.1 percent above June 2004 but 3.5 percent below May 2005. **TOTAL CHEESE** output (excluding cottage cheese) was 761.0 million pounds, 6.4 percent above June 2004 but 3.1 percent below May 2005. **NONFAT DRY MILK** production, for human food, totaled 125.2 million pounds, 13.1 percent below June 2004 but 0.9 percent above May 2005. **DRY WHEY** production, for human food, was 81.6 million pounds, 3.1 percent above June 2004 but 4.8 percent below May 2005. **ICE CREAM** (hard) production totaled 90.3 million gallons, 6.0 percent above June 2004 and 13.6 percent above May 2005.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUN 2005	PERCENT CHANGE FROM:			PRODUCT	JUN 2005	PERCENT CHANGE FROM:		
	1,000 LBS.	JUN 2004	MAY 2005	YEAR TO DATE 1/		1,000 LBS.	JUN 2004	MAY 2005	YEAR TO DATE 1/
BUTTER	104,265	5.2	-12.8	8.6	SOUR CREAM	84,572	4.5	-0.7	4.3
CHEESE					YOGURT (PLAIN AND FLAVORED)	257,305	6.5	-1.9	---
AMERICAN TYPES 2/	321,013	4.1	-3.5	1.3	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	257,736	3.3	-3.3	0.7	SWEET-TYPE, HUMAN FOOD	7,180	-7.5	-3.4	---
SWISS	24,591	4.1	-3.5	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	6,222	-8.0	3.7	---	DRY WHEY, HUMAN FOOD	81,597	3.1	-4.8	---
CREAM & NEUFCHATEL	52,935	5.0	3.5	---	DRY WHEY, ANIMAL FEED	8,083	7.6	8.5	---
HISPANIC	13,256	18.2	-4.0	---	DRY WHEY, TOTAL	89,680	3.5	-3.7	-0.3
MOZZARELLA	253,920	8.1	-3.3	2.6	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	63,500	11.4	-4.9	8.2	HUMAN FOOD	3,972	35.9	1.0	---
TOTAL ITALIAN TYPES	317,420	8.7	-3.6	3.7	ANIMAL FEED	5,904	53.8	10.9	---
ALL OTHER TYPES	25,724	12.4	-4.8	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	55,803	-1.9	-3.4	---
TOTAL	761,032	6.4	-3.1	2.4	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	39,635	1.0	1.5	---	HUMAN FOOD 7/	28,521	17.1	10.0	---
COTTAGE CHEESE, CREAM 4/	31,206	1.1	-0.8	-3.7	ANIMAL FEED 7/	3,737	-18.9	-10.4	---
COTTAGE CHEESE, LOWFAT 5/	34,185	-0.1	-1.6	-2.6					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	46,132	-12.7	-0.1	---	ICE CREAM (HARD)	90,324	6.0	13.6	2.3
DRY WHOLE MILK	2,068	-13.7	-34.2	---	ICE CREAM, LOWFAT (HARD)	11,097	3.0	17.6	---
NONFAT DRY MILK, HUMAN FOOD	125,231	-13.1	0.9	-17.0	ICE CREAM, LOWFAT (SOFT)	30,363	-2.5	16.2	---
DRY SKIM MILK, ANIMAL FEED	571	11.7	-19.2	---	ICE CREAM, LOWFAT (TOTAL)	41,460	-1.1	16.6	-4.0
DRY BUTTERMILK	4,330	-2.4	-16.8	---	SHERBET (HARD)	5,796	3.5	15.4	5.1
					YOGURT (TOTAL)	6,013	-8.6	-3.7	-10.0

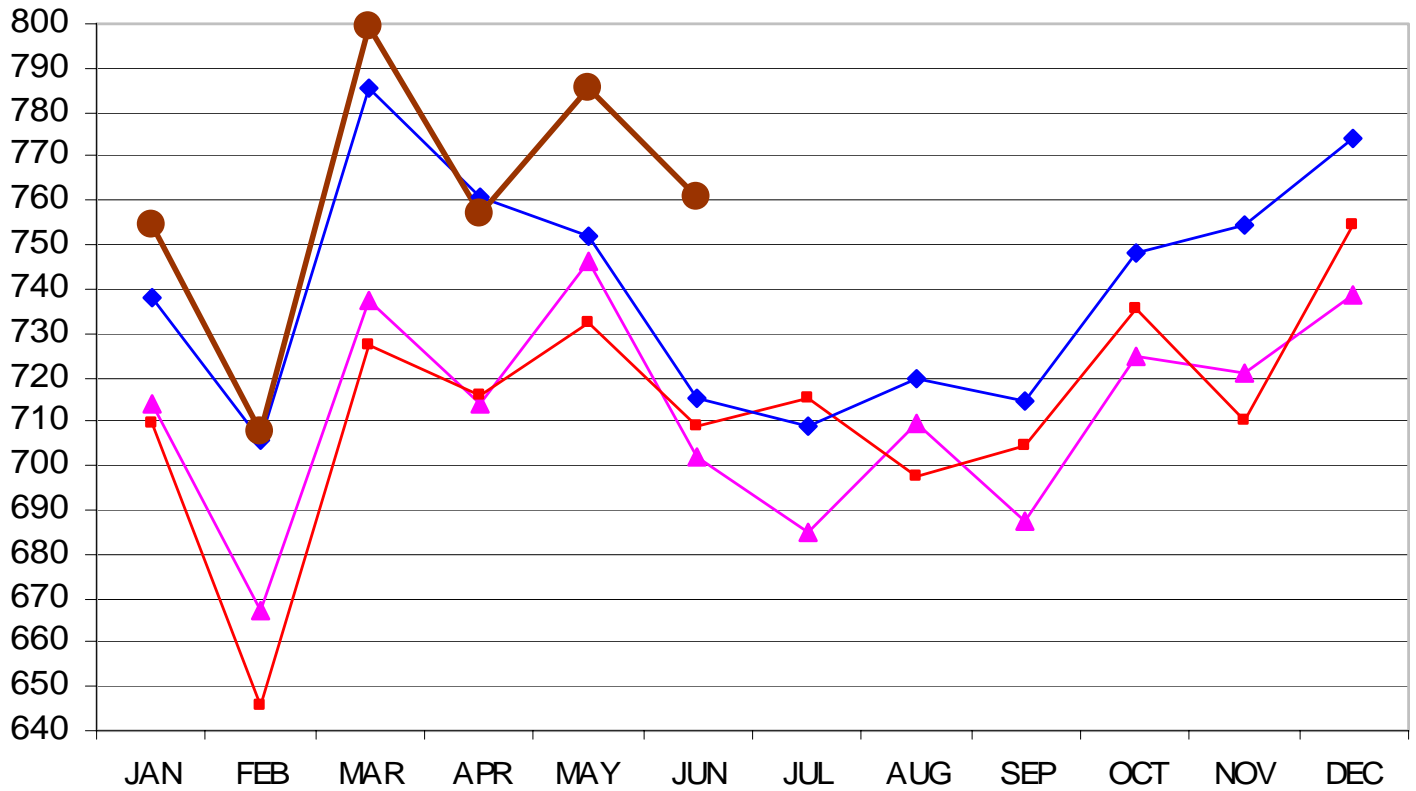
MANUFACTURERS' STOCKS, END OF MONTH 8/							
PRODUCT	JUN 2005	PERCENT OF:		PRODUCT	JUN 2005	PERCENT OF:	
	1,000 LBS.	JUN 2004	MAY 2005		1,000 LBS.	JUN 2004	MAY 2005
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	34,960	-17.3	-4.8	HUMAN FOOD	23,274	4.8	6.6
DRY WHEY, ANIMAL FEED	3,501	-44.8	3.8	ANIMAL FEED	2,123	-29.5	-10.4
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	3,979	-37.2	-13.9	CANNED EVAPORATED & CONDENSED WHOLE MILK	70,957	3.9	1.4
LACTOSE, HUMAN FOOD & ANIMAL FEED	61,396	-5.8	-0.8	NONFAT DRY MILK FOR HUMAN FOOD	116,990	-20.2	3.9
DRY BUTTERMILK, TOTAL	9,468	84.1	-2.7				

1/ 2005 cumulative as percent change of 2004 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. Does not include sweet-type, animal whey. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (8-05), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## U.S. TOTAL CHEESE PRODUCTION

Million Pounds

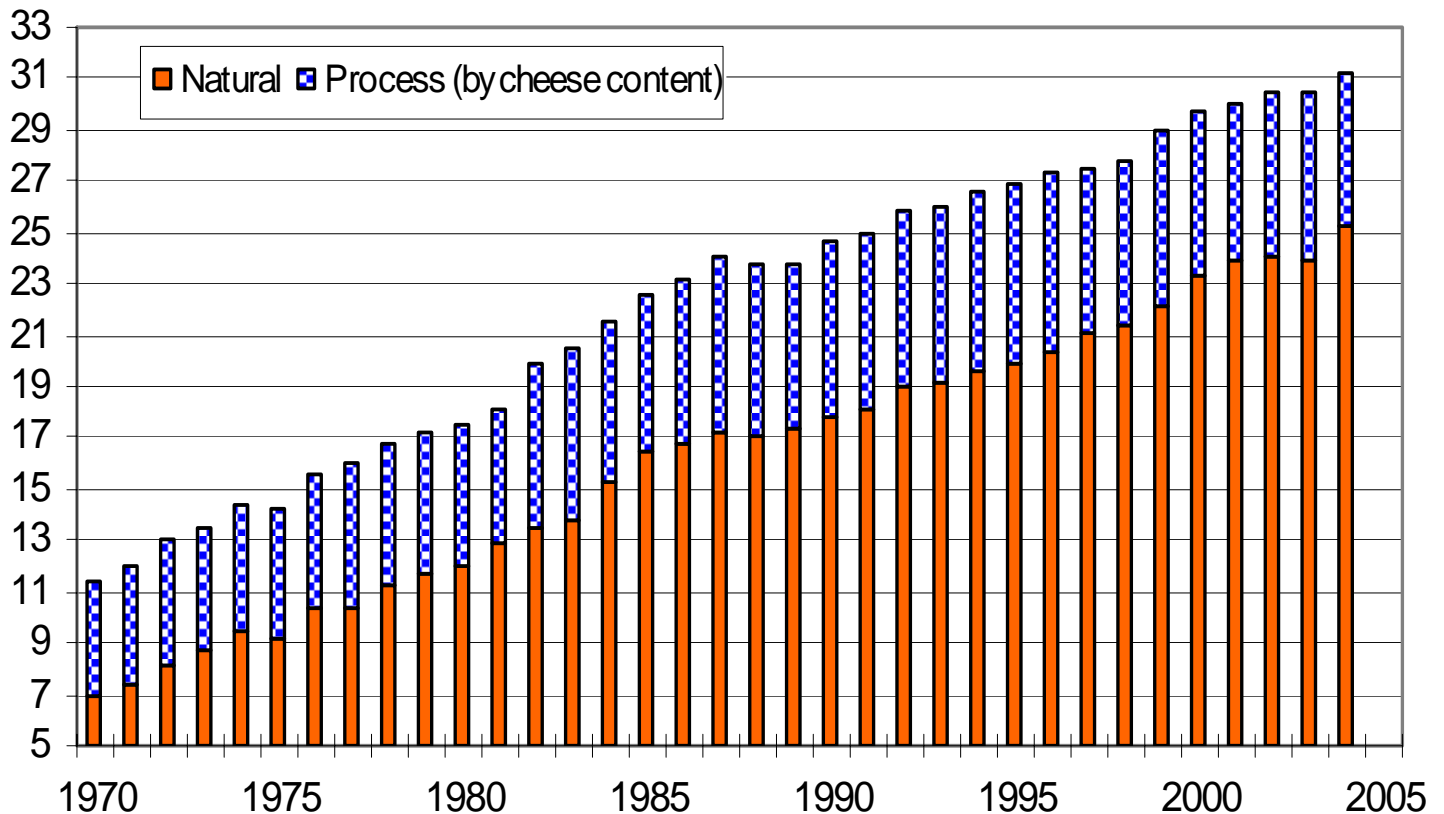


Graph USDA, DMN; Source USDA, NASS

—▲— 2002 —■— 2003 —◆— 2004 —●— 2005

## 1970-2004 Per Capita U.S. Cheese Consumption

Pounds



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF AUGUST 1 - 5, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 07/29/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	332,629,381	-0-	546,337,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	332,510,333	-0-	592,728,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 1 - 5, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	1.6	82.7
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	72.2	3,870.4
CUMULATIVE JANUARY 1 - AUGUST 5, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	46.7	2,521.2

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	8,259,648	4.2	2.5
WEST	-0-	-42,309	-0-	-0-	29,415,099	319,966,911	92.4	96.2
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.3
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	332,510,333	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 07/16/05 & Comparable Week 2004

	U.S. TOTAL										% DAIRY OF ALL	
Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.6	N.A.	2.6	13.2	2.3	0.5	N.A.	12.0	2.8	40.3	1,226.1
2004-Dairy	0.1	0.7	N.A.	2.6	16.5	2.2	0.5	N.A.	11.0	2.3	42.8	1,287.3
2005-All cows	N.A.	0.6	N.A.	11.4	26.1	15.4	9.2	N.A.	14.3	4.7	90.6	2,601.1
2004-All cows	0.2	0.8	N.A.	12.1	27.9	14.0	13.0	N.A.	13.3	5.1	96.6	2,776.8

**SOURCE:** The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89	14.44				
II	13.04	13.36	13.25	13.24	12.78	13.06	13.79					
III	14.14	14.70	14.08	14.61	13.77	13.92	14.35					
IV	12.52	12.74	12.66	12.61	12.20	12.33	13.17					

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfm05/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm)